



February 14, 2022

Long Beach City Council
411 W Ocean Blvd,
Long Beach, CA 90802

Re: OPPOSE - Citywide Recall and Retention Ordinance (22-0175)

Dear Honorable Councilmembers,

The Hotel Association of Los Angeles (HALA) has advocated for the interests of our members, and the hospitality industry across the Greater Los Angeles area since 1932. Along with the undersigned organizations, *we are writing to express our strong opposition to the indefinite extension of the Citywide Recall and Retention ordinance, currently under consideration by the Long Beach City Council.*

Transient Occupancy Tax (TOT) is essential to funding the core functions of any city. New and permanent laws potentially impacting this vital city revenue source should be rigorously scrutinized to avoid catastrophic impacts to core city services.

As stated in this council motion "No Financial Management review was able to be conducted due to the urgency and time sensitivity of this item." Continuing to advance these policies without adequate analysis will have lasting negative unintended consequences for our communities, for the future of Long Beach and the essential services that TOT revenue pays for.

It is no secret that the hospitality industry has been hit particularly hard by the COVID-19 pandemic. While this impact is most acutely felt by our member companies and employees, the decline in revenue business for hotels directly harms the city financially, as our industry is an enormous contributor to the City's budget through TOT, sales taxes, and other fees. The travel and tourism industry provides downstream economic benefits to a number of other key Long Beach sectors, like restaurants, museums, theme parks, and transportation.

When hotels do well, the city does too. In 2019, our local hotels provided \$22,243,928.00 in tax revenue for city services. The hospitality industry employs hundreds of thousands of employees, representing a massive percentage of private sector careers. As one of the major economic drivers in our region, it is in our shared best interests to see a healthy and vibrant hospitality industry, so we can continue to offer phenomenal long-term careers.

Unfortunately, the converse of this equation is also true. Struggling hotels mean less money in the City's coffers to trim trees, sweep streets, and fund vital public safety services. Travel and tourism is one of the main pillars of our local economy. Because TOT is such a significant contributor to the General Fund, policy conversations should be focused on creative ways to support the industry in its recovery rather than singling it out and unnecessarily constraining it. Flexibility will be critical; otherwise, employees may not have a job to return to. More thought, analysis, and study of economic impacts is needed to avoid making a difficult situation even worse.

Many of our hotel employees have been with us for 20+ years and have learned experience and know-how that is hard to come by. Hotels already have an incentive to hire the best and most experienced employees for the job, and those highly desired skills will be critical to welcoming guests back to Long Beach. Although these policies are well-intentioned, the hospitality industry has been forever changed by COVID-19 and overregulating an already struggling industry will directly harm employees, hoteliers, and the broader community.

We share the Council's desire to ensure the safe and healthy reopening of our local economy and protecting jobs. Our long-term economic survival depends on it. But this indefinite and unstudied measure will only harm our community in the long run.

We look forward to working with the city to support our communities and our employees as the pandemic declines and the economy regains its strength.

